

*Grandroy Mines Limited*

*Annual Report*

# Grandroy Mines Limited

*Annual Report*

*For the Year Ended December 31st, 1969*

DIRECTORS

PHILIP E. BOYLEN - - - - - TORONTO, ONTARIO  
CHARLES B. BRANNIGAN - - - - - TORONTO, ONTARIO  
MARK E. BUTLER - - - - - TORONTO, ONTARIO  
D. W. GORDON - - - - - TORONTO, ONTARIO  
GORDON L. MOORE - - - - - ISLINGTON, ONTARIO

OFFICERS

PHILIP E. BOYLEN - - - - - - - - - PRESIDENT  
D. W. GORDON - - - - - - - - - VICE-PRESIDENT  
GORDON L. MOORE - - - - - - - - - SECRETARY-TREASURER  
CHARLES B. BRANNIGAN - - - - - - - - - ASSISTANT-SECRETARY

TRANSFER AGENT  
AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA  
Toronto, Ontario

AUDITORS

LOFTUS A. ALLEN AND COMPANY  
Toronto, Ontario

HEAD OFFICE

Suite 908 - 330 Bay Street  
Toronto, Ontario

**GRANDROY MINES LIMITED**

# GRANDROY MINES LIMITED

## *Directors' Report*

To the Shareholders:

The Financial Statements of the Company for the fiscal year ended December 31, 1969, notes relative thereto and the report of the Auditors are submitted herewith. The Financial Statements of your Company and those of its subsidiary, Glen Silver Mining Corporation, have not been consolidated but Financial Statements of Glen Silver Mining Corporation are included in this report.

### PROVINCE OF QUEBEC

#### **St. Augustine and Johan Beetz Areas**

Your Company holds two separate uranium properties in the Province of Quebec. One consists of seventy claims near St. Augustine on the north shore of the Gulf of St. Lawrence. The other, situated in the Johan Beetz area about eight miles north of the Gulf, covers some 2,400 acres which enclose a trenched uranium zone. Diamond drilling has tested only a part of this uranium zone, and further drill holes are planned.

#### **Chibougamau Area**

Your Company's holdings in the Chibougamau mining area of Quebec consist of 53 claims and one mining lease.

The first phase of a long range share-profit program terminated in 1969 when mining from the open pit of the ore body on the leased portion was completed. Your Company has received the sum of \$386,550. from the share-profit agreement. There are approximately 250,000 tons of copper ore indicated below the pit bottom which it will be necessary to mine by shaft.

The second phase of the long range program, as stipulated in an agreement with Campbell Chibougamau Mines Limited, is to be initiated during the current year. The work will be undertaken by the exploration staff of that Company, which has already performed a geophysical survey on part of the property. Several anomalies were indicated; most of them under the waters of Chibougamau Lake. One of the anomalies represents a particularly strong conductor, and on March 16 the exploration manager reported as follows:

"It was decided to drill test the Machin Bay anomaly first, and a minimum of 2,000 feet is planned here. The first vertical hole has just been completed with strong pyrite mineralization and traces of chalcopyrite reported over narrow widths. The next vertical hole is planned 100 feet to the east."

### VICTORIA ISLAND, NORTHWEST TERRITORIES

During the summer of 1969 the Arctic exploration program was concentrated on 72 of the 144 claims held outright by your Company, while reconnaissance prospecting covered the remainder. The supervising geologist, O. A. Seeber, B.A., reported widespread copper mineralization that will require geophysical surveying and diamond drilling in the coming season. A survey and exploration program is currently in progress. Also, as revealed in the Annual Report of May, 1969, your Company holds a 50% interest in 1,080 claims staked on similar copper-bearing formations.

### IDAHO, UNITED STATES

Holding a 60% interest in Glen Silver Mining Corporation, your Company undertook a diamond drilling program on the Idaho property during 1969. Some 3,066 feet of surface and underground drilling was completed. Although the recovery of core in the host rock was only about 60%, one of the

holes intersected 124 feet of silver assaying 1.38 ounces per ton. In view of the poor core recovery, the project geologist has recommended percussion drilling with sludge collection rather than conventional diamond drilling, and the Company's management is considering the recommendation.

## PROVINCE OF ONTARIO

### Uchi Lake Area

In 1969 your Company succeeded in acquiring for staking cost, 14 claims in Honeywell and Agnew Townships following the discovery of an impressive base metal deposit by Selco Exploration Company Limited in the Uchi Lake area of Ontario. Subsequently your Company's claims were geophysically surveyed with airborne equipment, and the ground was prospected by a field crew.

Sufficient work has been done to keep the claims in good standing until January, 1972, and in the meantime technical surveys will be undertaken.

### Savant Lake Area

In the fall of 1969 Mattagami Lake Mines Limited announced the discovery of a large base metal ore body near Sturgeon Lake, Ontario. Your Company, acting jointly with Northern Canada Mines Limited and The Coniagas Mines, Limited, has now acquired for cost of staking, 150 claims comprising four separate groups located at Savant Lake, a more northerly area that had been aerially surveyed in 1962. Your Company retains a 40% interest in each of these groups, where geophysical surveying and diamond drilling programs are in progress.

## PROVINCE OF NEW BRUNSWICK

### Bathurst Area

This property of 1,090 acres straddles a mile of the favourable Brunswick formations at a location more or less midway between the Brunswick No. 6 and No. 12 mines, where reserves exceed 90,000,000 tons of base metal and silver ore.

In 1969, three diamond drill holes, totalling 4,095 feet, were drilled in the western part of the favourable zone. Pyrite mineralization was encountered in each hole, especially in the most easterly of the three, where recognizable lead and zinc sulphides were intersected at depth.

A program of line cutting was initiated in preparation for a recommended geochemical survey. This program was interrupted by winter conditions, though not before a limited number of soil samples had been collected at the site of a previously overlooked electromagnetic anomaly. The samples indicate the presence of lead, zinc and copper in the soil of the zone, and this encouraging coincidence is enhanced by the inferred geological environment. The favourable Brunswick horizons are believed to underlie the combined anomaly.

Drill testing of the anomaly is now in progress and the interrupted line cutting and geochemical survey has been resumed.

## GENERAL

Your Company plans an extensive exploration program in the current year with special emphasis on the holdings in the Northwest Territories and in the Province of New Brunswick.

Respectfully submitted on behalf of the Board of Directors,

PHILIP E. BOYLEN,  
President.

Toronto, Ontario,  
May 21, 1970.

**LOFTUS A. ALLEN & COMPANY**  
CHARTERED ACCOUNTANTS

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TORONTO DOMINION TOWER  
TORONTO-DOMINION CENTRE  
TORONTO 111, CANADA

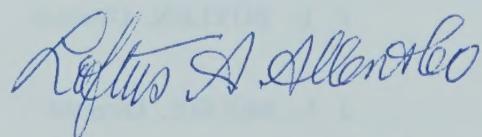
TELEPHONE 363-8348  
AREA CODE 416

*Auditors' Report to the Shareholders*

We have examined the balance sheet of  
**GRANDROY MINES LIMITED**

as at December 31, 1969 and the statements of deficit, deferred expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Toronto, Ontario,  
February 27, 1970.

Chartered Accountants

# GRANDROY M

(Incorporated under the laws of the Province of Quebec)

## Balance Sheet as at December 31, 1969

(with comparative figures for 1968)

### ASSETS

	1969	1968
Cash	\$ 2,967	\$ 8,195
Short term deposits	50,000	170,000
Accounts receivable	5,237	2,852
Receivable from Campbell Chibougamau Mines Ltd. (No Personal Liability)	8,157	217,271
Investment in shares of other mining companies — at cost (market value, 1969 — \$29,092; 1968 — \$44,963 — Note 2)	129,456	154,326
Investment in shares and debentures of a subsidiary company — Note 3	127,401	—
Advance to subsidiary company	1,763	44,429
Mining license, development licenses and unpatented mining claims — at cost	198,655	197,236
Fixed Assets — at cost less accumulated depreciation, 1969 — \$11,163; 1968 — \$9,938	3,576	3,731
Deferred development and administrative expenditures — per statement	467,314	216,884

Approved on behalf of the Board:

P. E. BOYLEN, Director.

J. L. MOORE, Director.

\$ 994,526      \$1,014,924

The accompanying notes form an integral part of this statement.

# NES LIMITED

(*Laws of Ontario*)

December 31, 1969

(Figures for 1968)

## LIABILITIES

	1969	1968
Accounts payable and accrued liabilities .....	\$ 9,957	\$ 16,854
Shareholders' Equity		
Capital Stock		
Authorized		
10,000,000 Shares of no par value		
Issued and Fully Paid		
5,755,128 .....	\$2,000,804	\$2,000,804
Deficit —		
per statement .....	1,016,235	1,002,734
	\$ 984,569	\$ 998,070

Auditors' report attached.

\$ 994,526 \$1,014,924

# GRANDROY MINES LIMITED

## *Statement of Deficit*

**For the Year Ended December 31, 1969**

(with comparative figures for 1968)

	1969	1968
BALANCE, January 1 .....	\$1,002,734	\$ 999,499
ADD — Loss on sale of investments .....	13,501	3,235
<b>BALANCE, December 31 .....</b>	<b>\$1,016,235</b>	<b>\$1,002,734</b>

## *Statement of Deferred Expenditures*

**For the Year Ended December 31, 1969**

(with comparative figures for 1968)

	1969	1968
<b>DEVELOPMENT EXPENSE</b>		
BALANCE, January 1 .....	\$ 437,491	\$ 310,334
Additions during year .....		
Assays .....	\$ 635	\$ 1,241
Consulting fees .....	2,680	1,562
Diamond drilling .....	74,513	(1,055)
Geologists' fees and expenses .....	16,333	15,859
License and transfer fees .....	30	6,038
Maps and blueprints .....	4,222	4,178
Surface exploration .....	15,198	89,939
Surface superintendence .....	—	2,865
Surveys .....	370	6,530
Travelling and transportation .....	83,992	—
Buildings and camp preparation .....	4,483	—
Camp supplies .....	19,361	—
Wages — prospectors' helpers and line cutting .....	17,414	—
Core boxes .....	232	—
	<hr/>	<hr/>
	\$ 239,463	\$ 127,157
<b>BALANCE, December 31 .....</b>	<b>\$ 676,954</b>	<b>\$ 437,491</b>

# GRANDROY MINES LIMITED

## Statement of Deferred Expenditures

For the Year Ended December 31, 1969  
(with comparative figures for 1968)

	1969	1968
<b>ADMINISTRATIVE EXPENSE</b>		
BALANCE, January 1 . . . . .	<u>\$ 160,601</u>	<u>\$ 129,957</u>
Additions during year		
Advertising . . . . .	\$ 755	\$ —
Automotive maintenance . . . . .	317	584
General expenses . . . . .	224	598
Bank charges . . . . .	35	46
Legal and audit . . . . .	2,408	4,900
Listing and sustaining fee . . . . .	200	3,450
Office and stationery . . . . .	514	3,044
Maps and blueprints . . . . .	—	16
Telephone and postage . . . . .	144	583
Transfer agent and registrar fees . . . . .	2,172	8,286
Executive salary . . . . .	6,000	2,000
Travelling . . . . .	873	152
Interest — net . . . . .	(9,042)	(6,399)
Head office administrative . . . . .	6,000	6,000
Reports to shareholders . . . . .	2,148	2,361
Depreciation expense . . . . .	1,222	1,933
Filing fees . . . . .	25	470
Insurance . . . . .	429	213
Capital and business tax . . . . .	567	407
Directors' fees . . . . .	2,000	2,000
Mining licenses . . . . .	(682)	—
	<u>\$ 16,309</u>	<u>\$ 30,644</u>
BALANCE, December 31 . . . . .	<u><u>\$ 176,910</u></u>	<u><u>\$ 160,601</u></u>

## SUMMARY

Development Expense . . . . .	\$ 676,954	\$ 437,491
Administrative Expense . . . . .	176,910	160,601
	<u><u>\$ 853,864</u></u>	<u><u>\$ 598,092</u></u>
<b>DEDUCT —</b>		
Net profit from joint venture with Campbell Chibougamau Mines Ltd. (No Personal Liability) — Note 1 . . . . .	386,550	381,208
	<u><u>\$ 467,314</u></u>	<u><u>\$ 216,884</u></u>

# GRANDROY MINES LIMITED

## *Statement of Income and Expenses*

FROM JOINT VENTURE WITH  
CAMPBELL CHIBOUGAMAU MINES LTD.  
(No Personal Liability)

For the Year Ended December 31, 1969  
(with comparative figures for 1968)

	1969	1968
Gross Income .....	\$ 65,407	\$1,373,117
LESS: Marketing, mining, milling and administrative expenses .....	54,949	837,393
	<hr/> 10,458	<hr/> 535,724
LESS: Preproduction expenses .....	(240)	(1,227)
	<hr/> 10,698	<hr/> 536,951
LESS: Mining duties .....	14	75,403
	<hr/> 10,684	<hr/> 461,548

Divided as follows:

Grandroy Mines Limited .....	\$ 5,342	\$ 230,774
Campbell Chibougamau Mines Ltd. (No Personal Liability) .....	5,342	230,774
	<hr/> 10,684	<hr/> 461,548

## **SUMMARY**

BALANCE, January 1 .....	\$ 381,208	\$ 150,434
Net profit .....	5,342	230,774
BALANCE, December 31 .....	<hr/> 386,550	<hr/> 381,208

# GRANDROY MINES LIMITED

## *Statement of Source and Application of Funds*

**For the Year Ended December 31, 1969**  
 (with comparative figures for 1968)

FUNDS WERE PROVIDED FROM	1969	1968
Net profit from joint venture with Campbell Chibougamau Mines Ltd. (No Personal Liability) .....	\$ 5,342	\$ 230,774
Sale of investments .....	11,369	716
Depreciation charged to deferred expenses which does not require a cash outlay .....	1,222	1,933
Capital stock issued .....	—	362,049
	<hr/>	<hr/>
	\$ 17,933	\$ 595,472

### FUNDS WERE USED FOR

Acquisition of mining claims		
12 claims, Red Lake area, Ontario .....	\$ 738	\$ —
2 claims, Red Lake area, Ontario .....	123	—
70 claims, St. Augustine River area, P.Q. .....	—	4,810
144 claims, Victoria Island area, N.W.T. .....	—	9,600
Acquisition of 50% interest in mining claims —		
1,080 claims, Victoria Island area, N.W.T. .....	—	36,037
Sundry additions to existing claims .....	558	—
Investment in shares of other mining companies .....	127,401	3,857
Purchase of field equipment .....	1,067	—
Purchase of automobile .....	—	3,846
Deferred mine development and administrative expenses .....	255,772	157,801
Increase (decrease) in working capital .....	(367,726)	379,521
	<hr/>	<hr/>
	\$ 17,933	\$ 595,472

# GRANDROY MINES LIMITED

## Notes to Financial Statements As at December 31, 1969

### 1. Joint Venture

Under the terms of an agreement dated January 5, 1967, Campbell Chibougamau Mines Ltd. (No Personal Liability) has provided funds, personnel, equipment and services necessary to bring into production mining claims owned by Grandroy Mines Limited in the Township of Roy in the Province of Quebec presently held under a Mining Lease. Campbell Chibougamau Mines Ltd. (No Personal Liability) treated the ore at its milling plant and sold the recovered metals in the usual manner. After repayment to Campbell Chibougamau Mines Ltd. (No Personal Liability) of all capital and preproduction expenses incurred by it, Grandroy Mines Limited and Campbell Chibougamau Mines Ltd. (No Personal Liability) shared equally in the net profits (as defined) derived from the mine. The mining of ore ceased in November of 1968 although proceeds from metal sales were received until December 31, 1969.

The net profit from the joint venture with Campbell Chibougamau Mines Ltd. (No Personal Liability) has been deducted from the deferred expenditures as these expenditures are related primarily to the operating property.

### 2. Investment in Shares of Other Mining Companies — at Cost

	Market Value 1969	Book Value 1969	Book Value 1968
Atlantic Coast Copper .....	\$ —	\$ —	\$ 24,870
Bocabois Gold — not valued .....	—	—	—
Beauchamp Placer Mining Co. Ltd. ....	4,200	17,625	17,625
Captain Mines Limited .....	2,957	3,857	3,857
The Coniagas Mines Limited .....	13,000	87,808	87,808
Dominion of Canada 4 1/4% — 1972 .....	910	1,000	1,000
Eastmont Larder — not valued .....	—	—	—
Kontiki Lead — not valued .....	—	—	—
Northern Canada Mines .....	8,025	19,166	19,166
	<u>\$ 29,092</u>	<u>\$ 129,456</u>	<u>\$ 154,326</u>

### 3. Investment in Shares and Debentures of a Subsidiary Company

Grandroy Mines Limited holds a 60% interest in Glen Silver Mining Corporation, an Idaho company, acquired through a commitment to purchase 600,000 shares of Glen Silver for \$62,601. The proceeds of the sale of shares to Grandroy are being used for the exploration of the claims and other corporate expenses of Glen Silver. In addition, Grandroy has spent \$64,800 out of a commitment of \$100,000 for exploration and development. The amount spent, as well as further expenditures up to \$100,000, is secured by 6% debentures. Grandroy is also required to provide whatever additional funds are necessary after the aforesaid \$100,000 is expended to put the mine into production, provided the expenditure is reasonable and feasible. The debentures and expenditure of additional funds are to be repaid from the profits of the corporation before any profits will be divided between Grandroy and Glen Silver.

During negotiations in 1968, Grandroy advanced \$45,156 for exploration and development of the Glen Silver properties. On the 1968 financial statement, this amount was shown in the accounts receivable. Now that negotiations have been completed, the 1968 figures have been adjusted to be comparative with 1969.

### 4. Unconsolidated Subsidiary

Unconsolidated financial statements of Grandroy Mines Limited and its subsidiary company, Glen Silver Mining Corporation, are being presented separately to the shareholders because, in the opinion of the directors, only 60% of the subsidiary is owned by the company and separate statements of the companies are the most informative to the shareholders.

**BURNS, SWANSON & SHEPPARD**  
CERTIFIED PUBLIC ACCOUNTANTS

CALVIN E. BURNS, C.P.A.

LELAND J. SWANSON, C.P.A.

RICHARD E. SHEPPARD, C.P.A.

NINTH AND DEARBORN  
CALDWELL, IDAHO 83605  
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1134 NORTH ORCHARD  
BOISE, IDAHO 83704  
PHONE 375-2738

Glen Silver Mining Corporation  
Homedale, Idaho

Gentlemen:

We have examined the balance sheet of Glen Silver Mining Corporation at December 31, 1969. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and schedule of mine development and administrative expense present fairly the financial position of Glen Silver Mining Corporation as of December 31, 1969 in conformity with generally accepted accounting principles.

Very truly yours,

May 14, 1970  
Caldwell, Idaho

**BURNS AND SWANSON,**  
Certified Public Accountants

# GLEN SILVER MINING CORPORATION

## *Balance Sheet as at December 31, 1969*

### ASSETS

Cash on deposit .....	\$ 231.48
Deposit with State Insurance Fund .....	578.94
Loan receivable, North American Silver Corporation, note A .....	2,000.00
Mining leases and options to purchase .....	40,000.00
Mine development and administrative expense .....	114,714.42
Advance royalties, note B .....	4,800.00
Unamortized organization cost .....	462.50
	<u>\$162,787.34</u>

### LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable, Grandroy Mines Limited .....	\$ 1,574.92
Accrued interest on debentures .....	1,212.42
Debentures payable, Grandroy Mines Limited, 6%, due starting at May 2, 1972 through December 31, 1972 .....	60,000.00

#### Stockholders' Equity, Note C:

Common stock, authorized, 1,000,000 shares, no par value; issued and outstanding, 1,000,000 shares at stated value of 10¢ .....	100,000.00
	<u>\$162,787.34</u>

See notes to financial statements.

# GLEN SILVER MINING CORPORATION

## *Notes to Financial Statements*

**December 31, 1969**

### **NOTE A — Loan Receivable:**

A loan was made to North American Silver Corporation November 20, 1969 and is to be repaid by June 30, 1970.

### **NOTE B — Advance Royalties:**

Under the terms of a lease dated July 10, 1968 advance royalties in the amounts of \$300.00 per month are guaranteed to Asher Getchell and Margaret Getchell for five years. Payments advanced are to be deducted from royalties paid under the lease when ores are produced.

### **NOTE C — Contingent Liabilities:**

Articles of incorporation were filed September 24, 1968 and no corporate income tax returns have yet been filed.

## *Schedule of Mine Development and Administrative Expense*

**December 31, 1969**

Travel — fares, mileage, car rental, motel and meals .....	\$ 10,326.18
Freight, office expense, other expense and repairs .....	1,423.55
Salaries and overhead .....	26,479.79
Legal and accounting .....	126.87
Assayer .....	3,893.90
Salaries .....	5,858.28
Payroll taxes .....	452.39
Workmen's Compensation insurance .....	425.11
Machine hire .....	4,187.00
Drilling expense .....	35,496.27
Surface exploration .....	23,521.45
Telephone .....	1,311.21
Debenture interest .....	1,212.42
	<hr/>
	\$114,714.42

# NOTEBOOK OF SCIENTIFIC WORKS

University of California at Berkeley  
1960-61 Academic Year

Original notebook 1960-61

University of California at Berkeley  
1960-61 Academic Year

University of California at Berkeley  
1960-61 Academic Year